

Name _____ Date _____ Period _____

PRICING MATH
Ch 27 Sec 1 – Calculating Prices

CALCULATING PRICES

- A Firm's _____ is related to pricing.
- _____ – the difference between _____ and the _____.
- _____ – Gross profit _____.
- _____ should be high enough to cover all expenses and have profit. (Profit and Loss Statement)

BASIC MARKUP CALCULATIONS

- _____
- Retail price – Cost = _____
- Retail price – Markup = _____

PRACTICE 1

- A computer costs Computer World \$800 and the markup is \$600. What is the retail cost?

- An X-box game retails for \$65.00 and its markup is \$25.00. What is its cost?

PERCENTAGE MARKUP ON RETAIL

- Markup is usually _____ amount. MU(%)
- Determine the dollar markup. _____
- Change \$ markup to % markup. _____
- Change the decimal to a percentage by _____ to the right.

PERCENTAGE MARKUP ON COST

- Determine dollar markup. _____
- Change the dollar to percentage markup. _____
- Change the decimal to a percentage by shifting decimal two places to the right.

PRACTICE 2

- The retail price of a bracelet is 12.99 and the cost is 8.50. What is the percentage markup based on cost price? Based on retail price?

COST METHOD OF PRICING

- Determine dollar markup on cost.

- Add the dollar markup to the cost to get the retail price.

PRACTICE 3

- Snowboards R Us pays \$40 for their low end boards. They mark the boards up 30%.
A. What is the retail price of the boards? B. How much is the mark up in dollars?

RETAIL METHOD OF PRICING

- Determine what percentage of the retail price is equal to cost.

- Determine the retail price.

Calculate \$ markup.

Check your work. $RP \times MU(\%) = MU(\$)$

PRACTICE 4

•“Woolens Closet” pays \$90 for a hand made sweater and sells the sweater with a 40 percent markup on the retail price. What is the retail price and the dollar amount of markup?

MARKDOWNS

- To _____ the quantity of goods in stock.

—_____ percentage of markdown based on retail price.

- Determine the dollar markdown _____

- Determine sale price _____

OR

- $RP(\%) - MD(\%) = SP(\%)$

- $RP \times SP(\%) = SP$

PRACTICE 5

•A suit retail sells for \$345.00. The store is offering a 40 percent reduction sale. What is the sales price.

MAINTAINED MARKUP

- The difference between an item's _____.
- Calculate the new sale price.
- Determine maintained markup in dollars (MM\$) by subtracting the cost from sale price.

- Determine the MM(%) by dividing the MM\$ by the sales price.

PRACTICE 6

•A Palm Pilot sells for \$425 retail. It costs the store \$215.00. A customer has a coupon for a 20 percent discount. What will the customer pay for the device? What is the maintained markup in dollars and in percentage?